Expansion of Panipat Refinery

*310. MISS MABEL REBELLO : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Indian Oil Corporation has put on hold its proposed refinery expansion project at Panipat in Haryana;

(b) if so, the reasons therefor; and

(c) the steps Government propose to take to overcome the problems at Panipat and assist Indian Oil Corporation to expand its refinery?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK) : (a) and (b) The refining capacity expansion programme of Panipat Refinery from 6.0 million metric tonnes per annum (MMTPA) to 12.0 MMTPA is being re-looked by Indian Oil Corporation Limited (IOCL) in the light of levy of Haryana Local Area Development Tax (HLADT), not exceeding 4% *w.e.f.* 5-5-2000. This said tax would have an adverse impact on the viability as well as competitiveness of the refinery project.

(c) IOCL has taken up the matter for exemption from HLADT and grant of sales tax incentives with the Government of Haryana. The Government of India has recommended to the State Government the favourable consideration of IOCL's request.

Terminal building of Srinagar Airport

*311. SHRI MIRZA ABDUL RASHID : Will the Minister of CIVIL AVIATION be pleased to refer to the answer to Unstarred Question 1693 given in the Rajya Sabha on the 7th August, 2001, and state :

(a) the progress made with regard to the expansion and modification of terminal building of Srinagar Airport; and

(b) whether Government have taken any action on the long pending demand for conversion of Srinagar Airport into International Airport?

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN) : (a) Srinagar Airport belongs to Ministry of Defence. Airports Authority of India maintains a civil enclave for handling civil flight operations. The earlier proposal for modification of the Terminal building envisaged single level operations. However, it was subsequently changed to provide for 2-level

operations in the Terminal Building with facility for provision of aerobridges and accordingly, the drawings etc. are being modified suitably. The Terminal Building is also capable of handling limited international operations and Haj flights are being operated from this airport.

(b) Declaration of an airport as international airport will depend upon traffic potential and demand from airlines for operation of international flights. At present, there is no proposal to declare any airport as international airport.

Rate of interest on small savings

*312. SHRI SOLIPETA RAMACHANDRA REDDY : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that an expert Committee set up by Government recommended further slashing the rates on small saving schemes as well as eliminating various tax exemptions;

(b) if so, the details thereof and the saving schemes likely to be affected; and

(c) the steps being taken by Government to save the depositors from loss?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) : (a) to (c) The Expert Committee on adminstered interest rates and other related issues, set up under the chairmanship of Dr. Y.V. Reddy, Deputy Governor of Reserve Bank of India has, *inter-alia*, recommended that the present system of direct management of long term funds by the public sector and fixing administered rates of interest with tax concessions not being sustainable in the medium term, should be transformed into a system of fully funded long term savings schemes managed independently and professionally, aimed at promoting growth and meeting genuine investment demands in the economy. In the transition period, as an interim measure, interest rates on small savings schemes be benchmarked mainly to the rates of average secondary market yields on Government securities. The Committee has also recommended the withdrawal of all tax concessions on short and medium term financial savings (maturity not more than 6 years); also as tax incentives are thus to be withdrawn